

The Rise and Decline of the HMO: A Chapter in U.S. Health-Policy History

Bradford H. Gray

Bradford Gray traces HMOs movement from the periphery to the center of the American health care system and from depiction as policy solution to policy problem. The paper describes where HMOs came from, how they became important, and how they came to act in ways that generated the managed care backlash of the 1990s. He shows that the problems of the HMO movement came partly from compromises in the original HMO Act of 1973 as well as later policy decisions regarding sources of capital, the ERISA exemption from state regulation, and the Internal Revenue Service's hostility toward nonprofits. (History and Health Policy in the United States edited by Rosemary A. Stevens, Charles E. Rosenberg, and Lawton R. Burns, Rutgers University Press, 2006.)

Document date: October 13, 2006

Released online: October 13, 2006

Other Publications by the Authors

- [Bradford H. Gray](#)

Usage and reprints: Most publications may be downloaded free of charge from the web site and may be used and copies made for research, academic, policy or other non-commercial purposes. Proper attribution is required. Posting UI research papers on other websites is permitted subject to prior approval from the Urban Institute—contact publicaffairs@urban.org.

If you are unable to access or print the PDF document please [contact us](#) or call the Publications Office at (202) 261-5687.

Disclaimer: *The nonpartisan Urban Institute publishes studies, reports, and books on timely topics worthy of public consideration. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Copyright of the written materials contained within the Urban Institute website is owned or controlled by the Urban Institute.*

Source: The Urban Institute, © 2012 | <http://www.urban.org>